

AUG 6 2003

The Honorable Mike Huckabee Governor of Arkansas Little Rock, Arkansas 72201

Dear Governor Huckabee:

It is with pleasure that I respond to the State of Arkansas' request for a waiver of regulatory requirements under the Workforce Investment Act (WIA) in accordance with the Secretary's authority to waive certain requirements of WIA title I, subtitles B and E, and sections 8-10 of the Wagner-Peyser Act. This authority is granted to the Secretary by WIA section 189(i)(4)(A), and in the implementing regulations at 20 CFR 661.420.

Granted waivers provide states the flexibility in program design for seamless service delivery and improved customer service, in exchange for accountability and agreed-to programmatic outcomes. We are pleased to be able to respond positively to your request. The following is the disposition of the state's waiver submission.

Requested Waiver: Waive the provision of 20 CFR 664.510 to allow local areas to use Individual Training Accounts for older and out-of-school youth participants.

The state's waiver submission (copy enclosed) requests a waiver of the prohibition of the use of Individual Training Accounts (ITAs) for youth found at 20 CFR 664.510. The state indicates that the waiver, if granted, will allow older and out-of-school youth to select approved ITA programs from the Eligible Training Provider List, while retaining their "youth" classification. The waiver submission states that, under the waiver, training costs could then be charged as out-of-school youth expenditures, eliminating the need to track expenditures separately across funding streams. In requesting this waiver, the state provided the following assurances:

- All 10 required WIA youth program elements specified at WIA section 129(c)(2) and 20 CFR 664.410 will be available within the local areas that serve out-of-school youth with ITAs;
- Local areas will establish guidelines for the use of older youth ITAs, including the criteria to be used for determining when the use of ITAs is appropriate and assistance to be provided to youth in choosing an appropriate service provider/program; and
- The incorporation of the above assurances into the local area service delivery plans for youth.



The waiver is written in accordance with WIA section 189(i)(4)(B) and 20 CFR 661.420(c) and appears to meet the standard for waiver approval at 20 CFR 661.410(e). The submission also addresses guidance provided to the states via Training and Employment Guidance Letter (TEGL) No. 12-01 for developing requests to waive the prohibition of the use of ITAs for older youth. Accordingly, the State of Arkansas is granted a waiver of the prohibition of the use of ITAs for older and out-of-school youth so they can benefit from services provided by the state's certified eligible training providers. Under the waiver, Local Workforce Investment Boards will have the option to use the Eligible Training Provider system to secure training providers for these two youth populations, as appropriate. This waiver grants the state and local areas flexibility in the program design of high quality youth services that will increase customer choice and access to training in demand occupations.

The granted waiver is incorporated by reference into the state's WIA Grant Agreement, as provided under paragraph 3 of the executed Agreement, and also constitutes a modification of Arkansas' approved five-year strategic plan. A letter is being sent to your state WIA Liaison, which supplements this notification letter and specifically defines the terms and conditions that apply to the granted waiver. A copy of each letter should be filed with the state's WIA Grant Agreement and approved five-year plan, as appropriate.

We look forward to continuing our partnership with the State of Arkansas. We are prepared to entertain other state and local-level waiver requests, consistent with the provisions of the WIA statute and regulations.

Sincerely,

Envily Støver DeRocco

Enclosure



Bringing People and Jobs Together.5M

March 17, 2003

Mr. Joseph C. Juarez
Regional Administrator, Region IV
U.S. Department of Labor
Employment and Training Administration
525 Griffin St., Room 317
Dallas, Texas 75202

Dear Mr. Juarez:

Presently, Arkansas' Workforce Investment Act (WIA) registered older youth may only utilize an approved Individual Training Account (ITA) program (using WIA funds) if they are coregistered in an adult program, or treated as adults entirely. Such co-registration produces unnecessary paperwork and decreased out-of-school youth expenditures, with no resulting additional value to either the program or the customer.

On behalf of the Arkansas Workforce Investment Board, I am respectfully requesting approval of the enclosed proposed Workforce Investment Act of 1998 (WIA) waiver for the State of Arkansas. The waiver request was developed in accordance with WIA, Section 189 (i)(4); 20 CFR 661.400 – 661.420, and the USDOL-ETA Training and Employment Guidance Letter (TEGL) 12-01 referencing the development and submission guidelines under which States may request a waiver of the regulatory prohibition of using an ITA for older youth.

This waiver will allow older, out-of-school youth, if deemed appropriate, to select approved ITA programs from the Eligible Training Provider list, while retaining their "youth" classification. Training costs could then be charged as out-of-school youth expenditures, eliminating the need to track expenditures separately across funding streams. In requesting this waiver, the State of Arkansas makes the following assurances:

- All ten required WIA youth program elements (specified at 20 CFR 664.410) will be available within the local areas that serve out-of-school youth with ITAs;
- Local areas will establish guidelines for the use of older youth ITAs including
 the criteria to be used for determining when the use of ITAs is appropriate and
 assistance to be provided to youth in choosing an appropriate service
 provider/program; and
- The incorporation of the above into the local service delivery plans for youth.

Mr. Joseph C. Juarez March 17, 2003 Page 2

As required, we have included a description of the process by which notice and opportunity to comment on the waiver request was provided to the Local Workforce Investment Boards and other interested parties. Also enclosed are copies of the comments received.

WIB

Please contact Elroy Willoughby at (501) 371-1020 or by e-mail at elroy.willoughby@mail.state.ar.us with any questions. Thank you for your consideration of this request and your continued support of Arkansas' workforce development system.

Sincerely,

Lane English

Executive Director

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JE:ew

Enclosures (2)

c: Ed Rolle, Arkansas Employment Security Department

State of Arkansas
WIA Title I Youth Plan
Revision approved by SWIB on February 11, 2003

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Attachment F

State of Arkansas
Request for Waiver
Prohibition of use of Individual Training Accounts for Older Youth

The Arkansas Workforce Investment Board is requesting a waiver of the regulatory prohibition of using Individual Training Accounts (ITAs) for older youth and out-of-school youth.

In compliance with WIA Section 189(i)(4)(B) and WIA Regulations 661.420(c), please accept the following as a request for a waiver.

A. Statutory Regulation to be Waived:

WIA Regulation 29 CFR §664.510 prohibits the use of Individual Training Accounts for youth participants. This waiver requests the use of Individual Training Accounts for older youth and out-of school youth with implementation being upon approval of this waiver request.

The State of Arkansas is now requesting such a waiver that will allow older youth and out-of-school youth, if deemed appropriate, to select approved ITA programs from Arkansas' Eligible Training Provider (ETP) List, while retaining their "youth" classification.

B. Goals to be Achieved by the Waiver:

- Provides to local areas a mechanism for improving the comprehensive services available by providing an additional service option.
- Ensures that local areas have enough flexibility to deliver services based on the individual needs of participants as intended under WIA.
- Reduces the paperwork and tracking requirements of dual enrollment as is currently necessary for older youth to access occupational skills training through the Adult Individual Training Account (ITA).
- Offers older youth an opportunity to make informed decisions that has a direct impact on his/her future.
- Improved service thru increased customer choice in assessing training opportunities.

C. State or Local Statutory or Regulatory Barriers:

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There are no existing state or local statutory or regulatory barriers to implementing this waiver request.

D. Description of the Goals of the Waiver and Expected Outcomes:

Attachment F

State of Arkansas WIA Title I Youth Plan Revision approved by SWIB on February 11, 2003

The Workforce Investment Act of 1998 changed the focus of youth programs from the provision of short-term, stand-alone job training to providing year-round, long-term services. This change is designed to assist both in-school and out-of-school youth make the transition to post-secondary training and careers.

Although Arkansas supports this change in focus, we believe that the needs of some older youth can best be met with an additional training option. Unlike younger, in-school youth, older youth are one of the most difficult populations to serve because their primary interest lies in obtaining self-sufficient, full-time employment. The comprehensive service elements required within the year-round youth program sometimes delays access to training and employment. This delay may result in a negative outcome for the older youth rather than encouraging their continued participation in the program.

The Arkansas Workforce Investment Board recognizes the Workforce Investment Act's requirement that local areas make available a menu of ten program elements. While the use of Individual Training Accounts (ITAs) will only address one of these program elements, occupational skills training, the full menu of services will still be available to all eligible youth.

E. Description of the individuals impacted by the Waiver:

The waiver can positively impact all older WIA eligible youth. These customers will receive the type of services that most closely and quickly meet their individualized needs without unnecessary paperwork, tracking, and delay.

The waiver can positively impact Local Boards, as they will benefit by not having to direct limited administrative resources to costly and time-consuming competitive procurements.

Training providers will benefit because they will not have to follow two separate processes to provide services to Adult/DLW vs. Older/Out-of-School Youth.

F. Opportunity for Local Boards and interested parties to Comment on the Waiver Request:

This waiver request was initiated based on needs identified by Arkansas' Local Boards.

State of Arkansas WIA Title I Youth Plan Revision approved by SWIB on February 11, 2003

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Attachment F

A 30-day public comment period provided notice and an opportunity for all interested/affected parties to comment.

During the February 11, 2003 Arkansas Workforce Investment Board meeting, the waiver request was discussed and provided an opportunity for public comment.

On February 13, 2003, the proposed waiver and a request for comments was posted on the State Board's website.

On February 13, 2003, the Arkansas Workforce Investment Board emailed invitations to Arkansas' ten local workforce investment boards to comment on the proposed waiver.

Notification of the proposed waiver and a request for comments was published in the Arkansas Democrat Gazette, Arkansas' statewide newspaper, on February 14-16, 2003.

During a statewide WIA training session held on March 5, 2003, a roundtable discussion regarding the proposed waiver was conducted to solicit comments from workforce professionals and WIA partners.

Additional Information Required by TEGL 12-01

1. What guidelines will be provided to the local areas on the use of the ITAs?

The Arkansas Workforce Investment Board will issue authority and establish guidelines for the ten Local Workforce Investment Areas (LWIAs) to pursue the use of Individual Training Accounts (ITAs) for older youth in accordance with WIA regulations and as currently required for adults and dislocated workers. LWIAs will be reminded that all ten required WIA youth program elements (specified at 20 CFR 664.410) must remain available with the local areas that serve out-of-school youth with ITAs.

2. How will these guidelines be incorporated into local areas' service delivery plans for youth?

Each local area that chooses to make use of this ITA option for older youth will be required to revise their local plan. This revision must state how the ITA will be utilized, the maximum length of training, and the maximum amount of allowable funding.

State of Arkansas WIA Title 1 Youth Plan Revision approved by SWIB on February 11, 2003

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Attachment F

3. What criteria will be used for determining when the use of the ITAs is appropriate?

Each local area that chooses to make use of this ITA option for older youth will establish operational guidelines, including the criteria to be used for determining when the use of ITAs is appropriate. The use of this option must not hinder the availability and use of the ten required WIA youth program elements. Local areas will be required to monitor ITAs during regularly scheduled monitoring visits. The State will also monitor ITAs during regularly scheduled monitoring visits.

4. What assistance will be provided to youth to assist them in choosing an appropriate service provider?

Each local area that chooses to make use of this ITA option for older youth will be required to describe, in their local plan revision, the assistance to be provided youth when assisting them in choosing an appropriate service provider.

Local areas will still be required to conduct an objective assessment of each participant to assist with the development of an individual service strategy. The use ITAs will merely be an additional option available to the participant. It will be the responsibility of those local boards to provide training, technical assistance and oversight to One-Stop staff and case managers.



Copies of all Comments Received on ITA Waiver Request (Attached as Hard Copies)

The Western Arkansas Workforce Investment Area is in favor and supports the ITA waiver request for older and out-of-school youth. The State of Arkansas has an exemplary Automated Eligible Training Provider System. Institutions are able to access the on-line system to submit applications to become Eligible Providers of Training. Through the application process data submitted is relevant to the program of training and includes information such as location, cost and performance outcomes. The system incorporates eligibility based on program performance. Those providers capable of maintaining the Arkansas minimum standards are approved and placed on the States ETP list. This would indicate that competition is in place for the Adult and Dislocated Worker programs within the state. The Eligible Training Provider's programs are placed on the state list based on occupations in demand. The provider and the programs are approved by the local LWIA and the State. ITAs are issued to participants based solely on the approved eligible providers and the programs in demand occupations.

Western Arkansas, due to the prohibition against ITAs/Vouchers for youth, issues RFPs to identify youth training providers. Those institutions responding to the RFPs are the same institutions applying for the Adult and DLW ETP lists. They perceive the RFP process to be burdensome and meaningless. While the RFPs are issued to maintain compliance with WIA requirements that all youth services be competitive, the States' system for ETPs and ITAs/Vouchers under the Adult and DLW program incorporates a competitive system. Therefore, we support the adoption of the same process for the youth program.

In addition to streamlining the process, the State's ETP system is accessible to the public. Therefore consumers are more capable of making their own decisions regarding training and career paths. ITAs/Vouchers for youth should be accessible from the same system as the Adult and DLW program to streamline services and to make the information more available to our consumers.

The Western Arkansas LWIA commends the State Workforce Investment Board for recognizing the need to adopt the ETP/ITA process for our youth program.

Request:

Waive: Eliminate the Prohibition of Use of Individual Training Accounts for Older Youth/Out-of-School youth?

Available:

ITA's are available to older youth: in that they can be concurrently enrolled as an Adult - 664.500

Waiver Goals:

Add long term training options for self-sufficiency and full-time employment - D
Aid in meeting performance standard - D
Strengthens the occupational training element of the youth program - D
Add to comprehensive array of services.- B
Add service options - B
Reduce paper work and customer tracking- B
Allow for informed decisions by youth customers - B
Improve service through customer choice -B

Waiver Impacts:

Older Youth/Out-of-School Youth
Reduces training associates workload when working with designated youth
Reduces administrative costs of procurement
Eligible Training Service Providers not confused by two systems

Review questions and comments:

- 1. Does the waiver intend to use Youth Funds for the ITA's or leave in Adult fund stream? (This waiver appears to focus on allowance of the ITA system, which is connected to adult funding, not youth funds).
- 2. Does the waiver intend to use the ITA and CRS combination, or a separate ITA which is not connected to CRS? (Occupational skills training on a one by one training slot might be easily procured on a comparative shopping basis with a non-CRS provider at a lower cost and arranged more quickly that with the ETP/CRS system).
- 3. How much workload is reduced by having an ITA option available? (Tracking customers remains the same).
- 4. The ETP/CRS system has a much higher cost than a comparative shopping procurement system. (Youth training contracts will not be for class size units which would require issue of IFB or RRP).
- 5. The ETP/CRS system does not care what system provides revenue to them, if there is a contract in position to receive funds. (A procurement could ride on a ITA reimbursement system, if so constructed)
- 6. Would occupational training aid in meeting current performance standards? Should!
- 7. Waiver may reduce service options, in that ETP/CRS may restrict the occupational training options. (ETP/CRS system may be more restrictive than thought to be).
- 8. Youth customer choice should be based on a more highly structured planning process, therefore one should be have to be "better informed" or receive "improved choices".



Conclusion:

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As read, waiver request assumes the following, but does not make a case to support

Youth funds would be available for the ITAs,

The Eligible Training Service Providers cover all of the demand occupations for an area or state,

The Consumer Reporting System provides choice and improved service,

Dual program enrollment has a high cost,

Customer tracking has a high cost,

Reduces procurement costs,

Adds youth services, and

The improvement in older youth performance is not substantiated, but it is a reasonable deduction regarding the program.

The waiver might be better if the funding stream is identified as the youth funding stream, occupational skills training is matched to certified demands in an area or state, training procurement could come from a standard model (ETP/CRS), and the goal is reaching higher performance levels.

Submitted via email

March 14, 2002

Mr. Elroy Willoughby
State Youth Services Coordinator
Arkansas Workforce Investment Board
320 Executive Court, Suite 302
Little Rock, AR 72205

Re:

Individual Training Account Request for Youth Waiver

Dear Elroy,

Thank you for the opportunity to support seeking a waiver of the ITA process to include the older youth category. The Southwest Arkansas Workforce Investment Area supports this effort wholeheartedly.

The reason that I initially made this request to the State Board is due to a concern regarding the limited ways in which we are able to serve the older youth. In the younger youth category, the ten required elements match the needs of this age group. Providing services that expose these youth to career options, tools to help them stay/succeed in school and assisting them to look towards the future are vital to their success.

Many of the ten required elements can also be used provide valuable assistance to the older youth. However, we find that a majority of the older youth we serve are seeking advancement in training and education. We feel like this is a worthy goal.

If funds are available in the Adult funding stream, the older youth can be enrolled in this funding stream and can be placed in training. This creates the dilemma of dual enrollment and having to meet additional performance standards. If no funds are available in the Adult funding stream, we are unable to serve the older youth with the education/training component. This is true even if there are funds available in the youth funding stream.

We believe that this waiver will provide us a way to expand the services that can be provided to Older Youth enrolled in our program. We would like to thank the State Board and State Staff for seeking this waiver.

Sincerely,

Rory L. Gulick
Director, Workforce Development
Southwest Arkansas Planning and Development District, Inc.

Elroy Willoughby

From:

Claudia Griffin [cjgrlffi@arkansas.net]

Sent:

Friday, March 14, 2003 2:20 PM

To:

Elroy Willoughby

Cc:

Jane English

U4/ U4/ 2003 10. Z1

Subject: Comments on ITA Waiver

Please consider this e-mail to be official comments on the State of Arkansas' Request for Waiver of the Prohibition of use of ndividual Training Accounts for Older Youth.

As a taxpayer, an employer, and an Arkansan who cares very much for the education of our youth, I am disappointed that the Arkansas Workforce Investment Board is asking for a waiver of the prohibition of using youth funds for ITAs. It is not that I am against using Workforce Investment Act funds to pay for college for youth. It is that 1) this waiver will not achieve the stated goals and 2) using youth money for ITAs will prevent the 30% money from being spent to help real out-of-school youth -- high school tropouts.

This waiver does not add any service or flexibility to the youth services or give them any more decision-making abilities than they already have. Youth may already be provided ITAs under the adult funding streams, which are generally more available than are routh funds. Youth funds may already pay for supportive services youth need in order to stay in college, such a child care, ransportation, housing assistance, clothing, etc. In addition, most eligible youth qualify for Pell Grants that pay the complete costs or tuition and book. Unless a student has lost Pell eligibility supportive services are often the only additional funds needed.

t is my belief that allowing local areas to use youth funds for ITAs will actually decrease the flexibility and number of services available in many areas. I believe that some local areas want this waiver in order to have an easy way of spending the 30% out-ofschool funds. In doing this, they do not have to find creative ways to serve high-school drop-outs and those who need assistance hat the adult funding stream cannot provide. Although all ten elements are supposed to be available to eligible youth, I fear that his isn't actually happening -- or at least tracked. In my opinion, allowing local areas to use youth funds for ITAs will only ake needed funds away from more comprehensive youth programs and will simply provide services that should be paid for with adult funds or Pell Grants.

admit that paperwork will be reduced by the youth not having to qualify for two programs. However, once income eligibility is established for the youth funding stream, eligibility under the adult stream is almost automatic. Entry into AWIS requires only a few nore key-strokes. No more tracking is involved; it is simply entered into AWIS in a different location. The idea that comprehensive service elements required within the year-round program cause delays in training and employment is not true. The only required element is follow-up. The other elements are provided only as needed by the youth. In fact, an 18-year-old who needs only an ITA an easily be enrolled only as an adult. Only those who really need youth-type services need be enrolled as youth. I feel that we sometimes enroll 18-21 year-olds who need only adult services as youth simply because we need to spend out-of-school funds. When we do this, we take money away from more comprehensive youth programs.

According to a recent spreadsheet in the Arkansas Democrat Gazette, approximately one sixth of Arkansas schools have drop-out ates of more than 20% (students who entered the ninth grade, but did not graduate.) The size of the school districts involved range rom small rural schools to large schools in major cities. In my opinion, instead of looking for an easy way to spend the required out-of-school youth funds, local areas should be looking for creative ways of helping high-school dropouts become contributing nembers of society.

Thank you for giving me the opportunity to comment on this request.

Claudia Griffin

116 East 13th Street Hope, Arkansas 71801